

BELLSOUTH TELECOMMUNICATIONS, INC

APPENDIX C
WORKPAPER 2
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1 RECURRING UNIT COST DEVELOPMENT -
2 RATE ELEMENT SPECIFIC COSTS

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Service Name: LightGate® 1 Service
Rate Element: C.O. Channel Interface
per DS1 (1PQE1)
Month-to-Month

\$161.57

\$21.42
\$12.63
\$5.54
\$39.59

\$2.80
\$5.47
\$1.98
\$10.25

\$49.84

\$0.00

\$49.84

\$4.15

0.0257

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1 RECURRING UNIT COST DEVELOPMENT -
2 RATE ELEMENT SPECIFIC COSTS

Service Name: LightGate® 1 Service
Rate Element: C.O. Channel Interface
per DS1 (1PQE1)
Plan A
24 to 48 Months

14 TOTAL UNIT INVESTMENT \$161.57

17 INVESTMENT RELATED UNIT CAPITAL COSTS

18 Depreciation Expense \$18.85
19 Cost of Money \$12.68
20 Income Tax Expense \$5.57
21 Total (LN18 + LN19 + LN20) \$37.10

23 INVESTMENT RELATED UNIT OPERATING COSTS

24 Maintenance Expense \$2.60
25 Administrative Expense \$5.47
26 Ad Valorem and Other Taxes \$1.98
27 Total (LN24 + LN25 + LN26) \$10.25

29 TOTAL INVESTMENT RELATED UNIT COSTS (LN21 + LN27) \$47.35

31 NON-INVESTMENT RELATED UNIT COSTS \$0.00

33 TOTAL UNIT ANNUAL COSTS (LN29 + LN31) \$47.35

35 TOTAL UNIT MONTHLY COSTS (LN33/12) \$3.95

41 RATIO OF UNIT MONTHLY COSTS

42 TO INVESTMENT (LN35/LN14) 0.0244

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1 RECURRING UNIT COST DEVELOPMENT -
2 RATE ELEMENT SPECIFIC COSTS

Service Name: LightGate 8 1 Service
Rate Element: C O Channel Interface
per DS1 (1PQE1)
Plan B
49 to 72 Months

14	TOTAL UNIT INVESTMENT	\$161.57
17	INVESTMENT RELATED UNIT CAPITAL COSTS	
18	Depreciation Expense	\$18.33
19	Cost of Money	\$12.65
20	Income Tax Expense	\$5.54
21	Total (LN18+LN19+LN20)	\$36.52
23	INVESTMENT RELATED UNIT OPERATING COSTS	
24	Maintenance Expense	\$2.80
25	Administrative Expense	\$5.47
26	Ad Valorem and Other Taxes	\$1.98
27	Total (LN24+LN25+LN26)	\$10.25
29	TOTAL INVESTMENT RELATED UNIT COSTS (LN21+LN27)	\$46.77
31	NON-INVESTMENT RELATED UNIT COSTS	\$0.00
33	TOTAL UNIT ANNUAL COSTS (LN29+LN31)	\$46.77
35	TOTAL UNIT MONTHLY COSTS (LN33/12)	\$3.90
41	RATIO OF UNIT MONTHLY COSTS TO INVESTMENT (LN35/LN14)	0.0241

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2 RATE ELEMENT SPECIFIC COSTS

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Service Name: LightGate® 1 Service
Rate Element: C.O. Channel Interface
per DS1 (1PQE1)
Plan C
73 to 96 Months

14 TOTAL UNIT INVESTMENT	\$161.57
17 INVESTMENT RELATED UNIT CAPITAL COSTS	
18 Depreciation Expense	\$18.10
19 Cost of Money	\$12.64
20 Income Tax Expense	\$5.54
21 Total (LN18 + LN19 + LN20)	\$36.28
23 INVESTMENT RELATED UNIT OPERATING COSTS	
24 Maintenance Expense	\$2.80
25 Administrative Expense	\$5.47
26 Ad Valorem and Other Taxes	\$1.98
27 Total (LN24 + LN25 + LN26)	\$10.25
29 TOTAL INVESTMENT RELATED UNIT COSTS (LN21 + LN27)	\$46.53
31 NON-INVESTMENT RELATED UNIT COSTS	\$0.00
33 TOTAL UNIT ANNUAL COSTS (LN29 + LN31)	\$46.53
35 TOTAL UNIT MONTHLY COSTS (LN33/12)	\$3.88
41 RATIO OF UNIT MONTHLY COSTS 42 TO INVESTMENT (LN35/LN14)	0.0240

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1 RECURRING UNIT COST DEVELOPMENT -
2 RATE ELEMENT SPECIFIC COSTS

Service Name: LightGate® 1 Service
Rate Element: Customer Channel Interface
per DS3 (1 PQEP)
Month - to - Month

14	TOTAL UNIT INVESTMENT	\$55.07
17	INVESTMENT RELATED UNIT CAPITAL COSTS	
18	Depreciation Expense	\$22.99
19	Cost of Money	\$4.49
20	Income Tax Expense	\$1.91
21	Total (LN18 + LN19 + LN20)	\$29.39
23	INVESTMENT RELATED UNIT OPERATING COSTS	
24	Maintenance Expense	\$0.33
25	Administrative Expense	\$2.00
26	Ad Valorem and Other Taxes	\$0.67
27	Total (LN24 + LN25 + LN26)	\$3.00
29	TOTAL INVESTMENT RELATED UNIT COSTS (LN21 + LN27)	\$32.39
31	NON-INVESTMENT RELATED UNIT COSTS	\$0.00
33	TOTAL UNIT ANNUAL COSTS (LN29 + LN31)	\$32.39
35	TOTAL UNIT MONTHLY COSTS (LN33/12)	\$2.70
41	RATIO OF UNIT MONTHLY COSTS TO INVESTMENT (LN35/LN14)	0.0490

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1 RECURRING UNIT COST DEVELOPMENT -
2 RATE ELEMENT SPECIFIC COSTS

Service Name: LightGate® 1 Service
Rate Element: Customer Channel Interface
per DS3 (1 PQEP)
Plan A
24 to 48 Months

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14	TOTAL UNIT INVESTMENT	\$55.07
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17	INVESTMENT RELATED UNIT CAPITAL COSTS	
18	Depreciation Expense	\$14.75
19	Cost of Money	\$4.68
20	Income Tax Expense	\$2.01
21	Total (LN18 + LN19 + LN20)	\$21.44
22		
23	INVESTMENT RELATED UNIT OPERATING COSTS	
24	Maintenance Expense	\$0.33
25	Administrative Expense	\$2.00
26	Ad Valorem and Other Taxes	\$0.67
27	Total (LN24 + LN25 + LN26)	\$3.00
28		
29	TOTAL INVESTMENT RELATED UNIT COSTS (LN21 - LN27)	\$24.44
30		
31	NON-INVESTMENT RELATED UNIT COSTS	\$0.00
32		
33	TOTAL UNIT ANNUAL COSTS (LN29 + LN31)	\$24.44
34		
35	TOTAL UNIT MONTHLY COSTS (LN33/12)	\$2.04
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41	RATIO OF UNIT MONTHLY COSTS	
42	TO INVESTMENT (LN35/LN14)	0.0370
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1 RECURRING UNIT COST DEVELOPMENT -
2 RATE ELEMENT SPECIFIC COSTS

Service Name: LightGate® 1 Service
Rate Element: Customer Channel Interface
per DS3 (1 PQEP)
Plan B
49 to 72 Months

14	TOTAL UNIT INVESTMENT	\$55.07
17	INVESTMENT RELATED UNIT CAPITAL COSTS	
18	Depreciation Expense	\$13.12
19	Cost of Money	\$4.64
20	Income Tax Expense	\$1.97
21	Total (LN18+LN19+LN20)	\$19.73
23	INVESTMENT RELATED UNIT OPERATING COSTS	
24	Maintenance Expense	\$0.33
25	Administrative Expense	\$2.00
26	Ad Valorem and Other Taxes	\$0.67
27	Total (LN24+LN25+LN26)	\$3.00
29	TOTAL INVESTMENT RELATED UNIT COSTS (LN21+LN27)	\$22.73
31	NON-INVESTMENT RELATED UNIT COSTS	\$0.00
33	TOTAL UNIT ANNUAL COSTS (LN29+LN31)	\$22.73
35	TOTAL UNIT MONTHLY COSTS (LN33/12)	\$1.89
41	RATIO OF UNIT MONTHLY COSTS TO INVESTMENT (LN35/LN14)	0.0344

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1 RECURRING UNIT COST DEVELOPMENT -
2 RATE ELEMENT SPECIFIC COSTS

Service Name: LightGate® 1 Service
Rate Element: Customer Channel Interface
per DS3 (1PQEP)
Plan C
73 to 96 Months

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14	TOTAL UNIT INVESTMENT	\$55.07
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17	INVESTMENT RELATED UNIT CAPITAL COSTS	
18	Depreciation Expense	\$12.42
19	Cost of Money	\$4.59
20	Income Tax Expense	\$1.95
21	Total (LN18 + LN19 + LN20)	\$18.96
22		
23	INVESTMENT RELATED UNIT OPERATING COSTS	
24	Maintenance Expense	\$0.33
25	Administrative Expense	\$2.00
26	Ad Valorem and Other Taxes	\$0.67
27	Total (LN24 + LN25 + LN26)	\$3.00
28		
29	TOTAL INVESTMENT RELATED UNIT COSTS (LN21 - LN27)	\$21.96
30	NON-INVESTMENT RELATED UNIT COSTS	\$0.00
31		
32		
33	TOTAL UNIT ANNUAL COSTS (LN29 + LN31)	\$21.96
34		
35	TOTAL UNIT MONTHLY COSTS (LN33/12)	\$1.83
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41	RATIO OF UNIT MONTHLY COSTS	
42	TO INVESTMENT (LN35/LN14)	0.0332
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1 RECURRING UNIT COST DEVELOPMENT -
2 RATE ELEMENT SPECIFIC COSTS

Service Name: LightGate® 1 Service
Rate Element: Customer Channel Interface
per DS1 (1PQE2)
Month - to - Month

14	TOTAL UNIT INVESTMENT	\$172.98
17	INVESTMENT RELATED UNIT CAPITAL COSTS	
18	Depreciation Expense	\$72.24
19	Cost of Money	\$14.05
20	Income Tax Expense	\$6.02
21	Total (LN18 + LN19 + LN20)	\$92.31
23	INVESTMENT RELATED UNIT OPERATING COSTS	
24	Maintenance Expense	\$1.03
25	Administrative Expense	\$6.28
26	Ad Valorem and Other Taxes	\$2.09
27	Total (LN24 + LN25 + LN26)	\$9.40
29	TOTAL INVESTMENT RELATED UNIT COSTS (LN21 + LN27)	\$101.71
31	NON-INVESTMENT RELATED UNIT COSTS	\$0.00
33	TOTAL UNIT ANNUAL COSTS (LN29 + LN31)	\$101.71
35	TOTAL UNIT MONTHLY COSTS (LN33/12)	\$8.48
41	RATIO OF UNIT MONTHLY COSTS TO INVESTMENT (LN35/LN14)	0.0490

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1 RECURRING UNIT COST DEVELOPMENT -
2 RATE ELEMENT SPECIFIC COSTS

Service Name: LightGate® 1 Service
Rate Element: Customer Channel Interface
per DS1 (1PQE2)
Plan A
24 to 48 Months

14	TOTAL UNIT INVESTMENT	\$172.98
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17	INVESTMENT RELATED UNIT CAPITAL COSTS	
18	Depreciation Expense	\$46.38
19	Cost of Money	\$14.72
20	Income Tax Expense	\$6.34
21	Total (LN18 + LN19 + LN20)	\$67.44
22		
23	INVESTMENT RELATED UNIT OPERATING COSTS	
24	Maintenance Expense	\$1.03
25	Administrative Expense	\$6.28
26	Ad Valorem and Other Taxes	\$2.09
27	Total (LN24 + LN25 + LN26)	\$9.40
28		
29	TOTAL INVESTMENT RELATED UNIT COSTS (LN21 + LN27)	\$76.84
30		
31	NON-INVESTMENT RELATED UNIT COSTS	\$0.00
32		
33	TOTAL UNIT ANNUAL COSTS (LN29 + LN31)	\$76.84
34		
35	TOTAL UNIT MONTHLY COSTS (LN33/12)	\$6.40
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41	RATIO OF UNIT MONTHLY COSTS	
42	TO INVESTMENT (LN35/LN14)	0.0370
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Service Name: LightGate® 1 Service
Rate Element: Customer Channel Interface
per DS1 (1PQE2)
Plan B
49 to 72 Months

14 TOTAL UNIT INVESTMENT	\$172.98
17 INVESTMENT RELATED UNIT CAPITAL COSTS	
18 Depreciation Expense	\$41.23
19 Cost of Money	\$14.53
20 Income Tax Expense	\$6.23
21 Total (LN18 + LN19 + LN20)	\$61.99
23 INVESTMENT RELATED UNIT OPERATING COSTS	
24 Maintenance Expense	\$1.03
25 Administrative Expense	\$6.28
26 Ad Valorem and Other Taxes	\$2.09
27 Total (LN24 + LN25 + LN26)	\$9.40
29 TOTAL INVESTMENT RELATED UNIT COSTS (LN21 + LN27)	\$71.39
31 NON-INVESTMENT RELATED UNIT COSTS	\$0.00
33 TOTAL UNIT ANNUAL COSTS (LN29 + LN31)	\$71.39
35 TOTAL UNIT MONTHLY COSTS (LN33/12)	\$5.95
41 RATIO OF UNIT MONTHLY COSTS 42 TO INVESTMENT (LN35/LN14)	0.0344

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1 RECURRING UNIT COST DEVELOPMENT -
2 RATE ELEMENT SPECIFIC COSTS

Service Name: LightGate® 1 Service
Rate Element: Customer Channel Interface
per DS1 (1PQE2)
Plan C
73 to 96 Months

14 TOTAL UNIT INVESTMENT \$172.98

17 INVESTMENT RELATED UNIT CAPITAL COSTS

18 Depreciation Expense \$39.00
19 Cost of Money \$14.38
20 Income Tax Expense \$6.17
21 Total (LN18 + LN19 + LN20) \$59.55

23 INVESTMENT RELATED UNIT OPERATING COSTS

24 Maintenance Expense \$1.03
25 Administrative Expense \$6.28
26 Ad Valorem and Other Taxes \$2.09
27 Total (LN24 + LN25 + LN26) \$9.40

29 TOTAL INVESTMENT RELATED UNIT COSTS (LN21 + LN27) \$68.95

31 NON-INVESTMENT RELATED UNIT COSTS \$0.00

33 TOTAL UNIT ANNUAL COSTS (LN29 + LN31) \$68.95

35 TOTAL UNIT MONTHLY COSTS (LN33/12) \$5.75

41 RATIO OF UNIT MONTHLY COSTS

42 TO INVESTMENT (LN35/LN14) 0.0332

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1 RECURRING UNIT COST DEVELOPMENT -
2 RATE ELEMENT SPECIFIC COSTS

Service Name: LightGate® 1 Service
Rate Element: Local Channel
Each Add'l Half Mile (1LPEA)
MTM and All CSPP Periods

14 TOTAL UNIT INVESTMENT	\$9,785.68
17 INVESTMENT RELATED UNIT CAPITAL COSTS	
18 Depreciation Expense	\$487.08
19 Cost of Money	\$1,021.21
20 Income Tax Expense	\$453.00
21 Total (LN18+LN19+LN20)	\$1,961.29
23 INVESTMENT RELATED UNIT OPERATING COSTS	
24 Maintenance Expense	\$82.19
25 Administrative Expense	\$412.67
26 Ad Valorem and Other Taxes	\$118.40
27 Total (LN24+LN25+LN26)	\$613.26
29 TOTAL INVESTMENT RELATED UNIT COSTS (LN21+LN27)	\$2,574.55
31 NON-INVESTMENT RELATED UNIT COSTS	\$0.00
33 TOTAL UNIT ANNUAL COSTS (LN29+LN31)	\$2,574.55
35 TOTAL UNIT MONTHLY COSTS (LN33/12)	\$214.55
41 RATIO OF UNIT MONTHLY COSTS	
42 TO INVESTMENT (LN35/LN14)	0.0219

BELLSOUTH TELECOMMUNICATIONS, INC.

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1 RECURRING UNIT COST DEVELOPMENT -
2 RATE ELEMENT SPECIFIC COSTS

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Service Name: LightGate® 1 Service
Rate Element: Interoffice Channel -
Mileage Band 0 - 8 Fixed,
per system (1LPS8)
MTM and All CSPP Periods

14 TOTAL UNIT INVESTMENT	\$21,685.53
17 INVESTMENT RELATED UNIT CAPITAL COSTS	
18 Depreciation Expense	\$2,490.87
19 Cost of Money	\$1,756.06
20 Income Tax Expense	\$772.17
21 Total (LN18+LN19+LN20)	\$5,019.10
23 INVESTMENT RELATED UNIT OPERATING COSTS	
24 Maintenance Expense	\$174.36
25 Administrative Expense	\$765.94
26 Ad Valorem and Other Taxes	\$267.77
27 Total (LN24+LN25+LN26)	\$1,208.07
29 TOTAL INVESTMENT RELATED UNIT COSTS (LN21+LN27) ..	\$6,227.17
31 NON-INVESTMENT RELATED UNIT COSTS	\$0.00
33 TOTAL UNIT ANNUAL COSTS (LN29+LN31).....	\$6,227.17
35 TOTAL UNIT MONTHLY COSTS (LN33/12).....	\$518.93
41 RATIO OF UNIT MONTHLY COSTS	
42 TO INVESTMENT (LN35/LN14).....	0.0239

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1 RECURRING UNIT COST DEVELOPMENT -
2 RATE ELEMENT SPECIFIC COSTS

Service Name: LightGate® 1 Service
Rate Element: Interoffice Channel -
Mileage Band 0 - 8
per mile (1LPE8)
MTM and All CSPP Periods

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14	TOTAL UNIT INVESTMENT	\$944.95
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17	INVESTMENT RELATED UNIT CAPITAL COSTS	
18	Depreciation Expense	\$78.13
19	Cost of Money	\$89.38
20	Income Tax Expense	\$39.49
21	Total (LN18+LN19+LN20)	\$205.01
22		
23	INVESTMENT RELATED UNIT OPERATING COSTS	
24	Maintenance Expense	\$7.79
25	Administrative Expense	\$35.34
26	Ad Valorem and Other Taxes	\$11.69
27	Total (LN24+LN25+LN26)	\$54.82
28		
29	TOTAL INVESTMENT RELATED UNIT COSTS (LN21+LN27) ..	\$259.83
30		
31	NON-INVESTMENT RELATED UNIT COSTS	\$0.00
32		
33	TOTAL UNIT ANNUAL COSTS (LN29+LN31)	\$259.83
34		
35	TOTAL UNIT MONTHLY COSTS (LN33/12)	\$21.65
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41	RATIO OF UNIT MONTHLY COSTS	
42	TO INVESTMENT (LN35/LN14)	0.0229
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1 RECURRING UNIT COST DEVELOPMENT -
2 RATE ELEMENT SPECIFIC COSTS

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Service Name: LightGate® 1 Service
Rate Element: Interoffice Channel -
Mileage Band 9 - 25 Fixed,
per system(1LPS9)
MTM and All CSPP Periods

14 TOTAL UNIT INVESTMENT	\$25,829.47
17 INVESTMENT RELATED UNIT CAPITAL COSTS	
18 Depreciation Expense	\$2,966.76
19 Cost of Money	\$2,096.98
20 Income Tax Expense	\$919.70
21 Total (LN18+LN19+LN20)	\$5,985.44
23 INVESTMENT RELATED UNIT OPERATING COSTS	
24 Maintenance Expense	\$207.67
25 Administrative Expense	\$912.28
26 Ad Valorem and Other Taxes	\$318.93
27 Total (LN24+LN25+LN26)	\$1,438.88
29 TOTAL INVESTMENT RELATED UNIT COSTS (LN21+LN27)	\$7,424.31
31 NON-INVESTMENT RELATED UNIT COSTS	\$0.00
33 TOTAL UNIT ANNUAL COSTS (LN29+LN31)	\$7,424.31
35 TOTAL UNIT MONTHLY COSTS (LN33/12)	\$618.69
41 RATIO OF UNIT MONTHLY COSTS 42 TO INVESTMENT (LN35/LN14)	0.0240

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**1 RECURRING UNIT COST DEVELOPMENT -
2 RATE ELEMENT SPECIFIC COSTS**

Service Name: LightGate® 1 Service
Rate Element: Interoffice Channel -
Mileage Band 9 - 25
per mile (1LPE9)
MTM and All CSPP Periods

14	TOTAL UNIT INVESTMENT	\$944.95
17	INVESTMENT RELATED UNIT CAPITAL COSTS	
18	Depreciation Expense	\$76.13
19	Cost of Money	\$89.38
20	Income Tax Expense	\$39.49
21	Total (LN18+LN19+LN20)	\$205.01
23	INVESTMENT RELATED UNIT OPERATING COSTS	
24	Maintenance Expense	\$7.79
25	Administrative Expense	\$35.34
26	Ad Valorem and Other Taxes	\$11.69
27	Total (LN24+LN25+LN26)	\$54.82
29	TOTAL INVESTMENT RELATED UNIT COSTS (LN21+LN27) ..	\$259.83
31	NON-INVESTMENT RELATED UNIT COSTS	\$0.00
33	TOTAL UNIT ANNUAL COSTS (LN29+LN31).....	\$259.83
35	TOTAL UNIT MONTHLY COSTS (LN33/12).....	\$21.65
41	RATIO OF UNIT MONTHLY COSTS	
42	TO INVESTMENT (LN35/LN14).....	0.0229

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1 RECURRING UNIT COST DEVELOPMENT -
2 RATE ELEMENT SPECIFIC COSTS

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Service Name: LightGate® 1 Service
Rate Element: Interoffice Channel -
Mileage Band 26+ Fixed,
per system (1LPS6)
MTM and All CSPP Periods

14 TOTAL UNIT INVESTMENT	\$29,973.42
17 INVESTMENT RELATED UNIT CAPITAL COSTS	
18 Depreciation Expense	\$3,434.04
19 Cost of Money	\$2,435.67
20 Income Tax Expense	\$1,067.22
21 Total (LN18+LN19+LN20)	\$6,936.94
23 INVESTMENT RELATED UNIT OPERATING COSTS	
24 Maintenance Expense	\$240.99
25 Administrative Expense	\$1,058.81
26 Ad Valorem and Other Taxes	\$370.08
27 Total (LN24+LN25+LN26)	\$1,669.88
29 TOTAL INVESTMENT RELATED UNIT COSTS (LN21+LN27) ..	\$8,606.62
31 NON-INVESTMENT RELATED UNIT COSTS	\$0.00
33 TOTAL UNIT ANNUAL COSTS (LN29+LN31).....	\$8,606.62
35 TOTAL UNIT MONTHLY COSTS (LN33/12).....	\$717.22
41 RATIO OF UNIT MONTHLY COSTS	
42 TO INVESTMENT (LN35/LN14).....	0.0239

BELLSOUTH TELECOMMUNICATIONS, INC.

APPENDIX C
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1 RECURRING UNIT COST DEVELOPMENT -
2 RATE ELEMENT SPECIFIC COSTS

Service Name: LightGate® 1 Service
Rate Element: Interoffice Channel -
Mileage Band 26 + Fixed,
per system (1LPE6)
MTM and All CSPP Periods

14	TOTAL UNIT INVESTMENT	\$944.95
17	INVESTMENT RELATED UNIT CAPITAL COSTS	
18	Depreciation Expense	\$76.13
19	Cost of Money	\$89.38
20	Income Tax Expense	\$39.49
21	Total (LN18+LN19+LN20)	\$205.01
23	INVESTMENT RELATED UNIT OPERATING COSTS	
24	Maintenance Expense	\$7.79
25	Administrative Expense	\$35.34
26	Ad Valorem and Other Taxes	\$11.69
27	Total (LN24+LN25+LN26)	\$54.82
29	TOTAL INVESTMENT RELATED UNIT COSTS (LN21+LN27) ..	\$259.83
31	NON-INVESTMENT RELATED UNIT COSTS	\$0.00
33	TOTAL UNIT ANNUAL COSTS (LN29+LN31).....	\$259.83
35	TOTAL UNIT MONTHLY COSTS (LN33/12).....	\$21.65
41	RATIO OF UNIT MONTHLY COSTS	
42	TO INVESTMENT (LN35/LN14).....	0.0229

BELLSOUTH TELECOMMUNICATIONS, INC.

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1 RECURRING UNIT COST DEVELOPMENT -
2 RATE ELEMENT SPECIFIC COSTS

Service Name: LightGate® 1 Service
Rate Element: Interoffice Channel -
C.O. Channel Interface,
per DS3 (1PQE3)
MTM and All CSPP Periods

14 TOTAL UNIT INVESTMENT	\$2,163.85
17 INVESTMENT RELATED UNIT CAPITAL COSTS	
18 Depreciation Expense	\$237.68
19 Cost of Money	\$168.90
20 Income Tax Expense	\$74.31
21 Total (LN18+LN19+LN20)	\$480.90
23 INVESTMENT RELATED UNIT OPERATING COSTS	
24 Maintenance Expense	\$34.39
25 Administrative Expense	\$73.09
26 Ad Valorem and Other Taxes	\$25.80
27 Total (LN24+LN25+LN26)	\$133.28
29 TOTAL INVESTMENT RELATED UNIT COSTS (LN21+LN27) ..	\$614.17
31 NON-INVESTMENT RELATED UNIT COSTS	\$0.00
33 TOTAL UNIT ANNUAL COSTS (LN29+LN31)	\$614.17
35 TOTAL UNIT MONTHLY COSTS (LN33/12)	\$51.18
41 RATIO OF UNIT MONTHLY COSTS	
42 TO INVESTMENT (LN35/LN14)	0.0237

BELLSOUTH TELECOMMUNICATIONS, INC.

APPENDIX C
WORKPAPER 2A
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1 RECURRING UNIT COST DEVELOPMENT -
2 RATE ELEMENT SPECIFIC COSTS

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Service Name: LightGate® 1 Service
Rate Element: Interoffice Channel -
C.O. per 28 DS1 Channel System
(MQ3C1)
MTM and All CSPP Periods

14 TOTAL UNIT INVESTMENT	\$14,055.76
17 INVESTMENT RELATED UNIT CAPITAL COSTS	
18 Depreciation Expense	\$1,595.49
19 Cost of Money	\$1,130.82
20 Income Tax Expense	\$497.56
21 Total (LN18+LN19+LN20)	\$3,223.88
23 INVESTMENT RELATED UNIT OPERATING COSTS	
24 Maintenance Expense	\$226.16
25 Administrative Expense	\$489.34
26 Ad Valorem and Other Taxes	\$172.71
27 Total (LN24+LN25+LN26)	\$888.21
29 TOTAL INVESTMENT RELATED UNIT COSTS (LN21 + LN27) ..	\$4,112.09
31 NON-INVESTMENT RELATED UNIT COSTS	\$0.00
33 TOTAL UNIT ANNUAL COSTS (LN29+LN31).....	\$4,112.09
35 TOTAL UNIT MONTHLY COSTS (LN33/12).....	\$342.67
41 RATIO OF UNIT MONTHLY COSTS	
42 TO INVESTMENT (LN35/LN14).....	0.0244

BELLSOUTH TELECOMMUNICATIONS, INC.

APPENDIX C
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1 RECURRING UNIT COST DEVELOPMENT -
2 RATE ELEMENT SPECIFIC COSTS

Service Name: LightGate® 1 Service
Rate Element: Interoffice Channel -
C.O. Channel Interface,
per DS1 (1PQE1)
MTM and All CSPP Periods

14	TOTAL UNIT INVESTMENT	\$161.60
17	INVESTMENT RELATED UNIT CAPITAL COSTS	
18	Depreciation Expense	\$18.38
19	Cost of Money	\$13.06
20	Income Tax Expense	\$5.75
21	Total (LN18+LN19+LN20)	\$37.20
23	INVESTMENT RELATED UNIT OPERATING COSTS	
24	Maintenance Expense	\$2.66
25	Administrative Expense	\$5.65
26	Ad Valorem and Other Taxes	\$2.00
27	Total (LN24+LN25+LN26)	\$10.31
29	TOTAL INVESTMENT RELATED UNIT COSTS (LN21+LN27)	\$47.50
31	NON-INVESTMENT RELATED UNIT COSTS	\$0.00
33	TOTAL UNIT ANNUAL COSTS (LN29+LN31)	\$47.50
35	TOTAL UNIT MONTHLY COSTS (LN33/12)	\$3.96
41	RATIO OF UNIT MONTHLY COSTS TO INVESTMENT (LN35/LN14)	0.0245

BELLSOUTH TELECOMMUNICATIONS, INC.

APPENDIX C
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1 RECURRING UNIT COST DEVELOPMENT -
2 RATE ELEMENT SPECIFIC COSTS

Service Name: LightGate® 2 Service

Rate Element: Per System (HFSCD)
Month - to - Month

14 TOTAL UNIT INVESTMENT \$58,283.79

17 INVESTMENT RELATED UNIT CAPITAL COSTS

18 Depreciation Expense \$14,439.28

19 Cost of Money \$4,909.05

20 Income Tax Expense \$2,135.20

21 Total (LN18 + LN19 + LN20) \$21,483.53

23 INVESTMENT RELATED UNIT OPERATING COSTS

24 Maintenance Expense \$606.30

25 Administrative Expense \$2,129.81

26 Ad Valorem and Other Taxes \$719.09

27 Total (LN24 + LN25 + LN26) \$3,455.20

29 TOTAL INVESTMENT RELATED UNIT COSTS (LN21 + LN27) \$24,938.73

31 NON-INVESTMENT RELATED UNIT COSTS \$0.00

33 TOTAL UNIT ANNUAL COSTS (LN29 + LN31) \$24,938.73

35 TOTAL UNIT MONTHLY COSTS (LN33/12) \$2,078.23

41 RATIO OF UNIT MONTHLY COSTS

42 TO INVESTMENT (LN35/LN14) 0.0357

BELLSOUTH TELECOMMUNICATIONS INC

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1 RECURRING UNIT COST DEVELOPMENT -
2 RATE ELEMENT SPECIFIC COSTS

Service Name: LightGate® 2 Service
Rate Element: Per System (HFSCE)
Plan A
24 to 48 Months

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14 TOTAL UNIT INVESTMENT	\$58,283.79
17 INVESTMENT RELATED UNIT CAPITAL COSTS	
18 Depreciation Expense	\$10,304.77
19 Cost of Money	\$5,015.71
20 Income Tax Expense	\$2,182.99
21 Total (LN18 + LN19 + LN20)	\$17,503.47
23 INVESTMENT RELATED UNIT OPERATING COSTS	
24 Maintenance Expense	\$606.30
25 Administrative Expense	\$2,129.81
26 Ad Valorem and Other Taxes	\$719.09
27 Total (LN24 + LN25 + LN26)	\$3,455.20
29 TOTAL INVESTMENT RELATED UNIT COSTS (LN21 + LN27)	\$20,958.67
31 NON-INVESTMENT RELATED UNIT COSTS	\$0.00
33 TOTAL UNIT ANNUAL COSTS (LN29 + LN31)	\$20,958.67
35 TOTAL UNIT MONTHLY COSTS (LN33/12)	\$1,746.56
41 RATIO OF UNIT MONTHLY COSTS 42 TO INVESTMENT (LN35/LN14)	0.0300

BELLSOUTH TELECOMMUNICATIONS INC

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1 RECURRING UNIT COST DEVELOPMENT -
2 RATE ELEMENT SPECIFIC COSTS

Service Name: LightGate® 2 Service
Rate Element: Per System (HFSCE)
Plan B
49 to 72 Months

14 TOTAL UNIT INVESTMENT \$58,283.79

17 INVESTMENT RELATED UNIT CAPITAL COSTS

18 Depreciation Expense \$9,478.12
19 Cost of Money \$4,983.30
20 Income Tax Expense \$2,168.43
21 Total (LN18 + LN19 + LN20) \$16,629.85

23 INVESTMENT RELATED UNIT OPERATING COSTS

24 Maintenance Expense \$606.30
25 Administrative Expense \$2,129.81
26 Ad Valorem and Other Taxes \$719.09
27 Total (LN24 + LN25 + LN26) \$3,455.20

29 TOTAL INVESTMENT RELATED UNIT COSTS (LN21 + LN27) \$20,085.05

31 NON-INVESTMENT RELATED UNIT COSTS \$0.00

33 TOTAL UNIT ANNUAL COSTS (LN29 + LN31) \$20,085.05

35 TOTAL UNIT MONTHLY COSTS (LN33/12) \$1,673.75

41 RATIO OF UNIT MONTHLY COSTS

42 TO INVESTMENT (LN35/LN14) 0.0267